



EFFECTIVENESS OF ACCRUAL ACCOUNTING IN PUBLIC SECTOR FOR SUSTAINABLE DEVELOPMENT: A STUDY OF EBONYI STATE MINISTRY OF FINANCE

Dr. Ngozi Benedette Nwali and Thomas Ekpete Dame

Department of Business Education
Ebonyi State College of Education, Ikwo, Ebonyi
Email: ngo.nwali@gmail.com, thomasdame2013@gmail.com
Corresponding Author: Dr. Ngozi Benedette Nwali

ABSTRACT

This study investigated the effectiveness of accrual accounting in public sector for sustainable development. The study is carried out in Ebonyi state. The population of the study was stratified into three (3) groups namely 69 auditors, 92 accountants and 31 finance managers in the Ministry of Finance that comprised 192 staff. There was no sampling since the population was handy as such the entire population was used for the study. Data were collected with the help of questionnaires consisting of 30 closed questions, with a five point likert scale while ordinary least square regression model was used in the analysis. Results of the study indicated that expenditure management, compliance with standards, transparency, and careful recording were all negatively related with income management in a sample that is free from the endogeneity problem which has clogged previous studies. The negative relationships suggested that as expenditure management, compliance with standards, transparency, and careful recording increases, income management in public sector decreases. The implication of this study was that expenditure management, compliance with standards, transparency and careful recording greatly affects accountability in Nigerian public sector. The results of the study were consistent with the findings of other scholars such as Bastani, Abolhaji, Ramzani, Jafari and Kordi 2012, Omodero and Okafor, 2016, Okere, Eluyela, Basse and Ajetunmobi 2017). It was therefore recommended that auditors should be adequately trained on technical sides of accrual accounting until they are competent enough to audit accounts prepared and presented using accrual basis of accounting.

Keywords: *Accrual Accounting, Public Sector, Sustainable Development, Ministry of Finance.*

INTRODUCTION

The transition from cash accounting to accrual accounting has been a great concern among private and public sectors. Ministries in government parastatals have at various times in their financial operations filled with stories of wrong accounting practices which have attracted a lot of attention. Bella (2001) observed that in Nigeria society huge amount of naira is lost through one financial malpractice or the other which drains the nation's meager resources with attendant consequences on the socio-economic and political programmes of the nation. It was also reported that fraudulent practices is prevalent in the Nigeria public sector such that every section of the public service seem to be involved in this acts (Jayawickrama 1991, Okwoli 2004, Appah and Appiah 2010 and Ijeoma 2014). They argued that some of the financial statement prepares and evaluators working in the public sectors are corrupt and lack professional skills to audit accounts prepared are presented by them. Thus Conn (1996) argued that accounting reforms and necessary for effective public sector accountability. One of this reforms is the move from cash accounting to accrual accounting. Accrual accounting is one of the accounting methods used to determine when and how to report income and expenses in the books of account. It is a means through which corporate approaches to administration were transferred on the public sector (Davis, 2010). Accrual accounting thus is a system where revenue is recognized once sales are made and not when cash is received. Likewise, expenses are recognized when incurred and not when cash is paid out. Consequently in accrual accounting all transactions are recorded regardless of when cash exchanges hands.

Looking at the definition presented above, it implies that accrual accounting is of essence in public sectors. Therefore public sector accounting is the process of recording, classifying, summarizing, communicating and interpreting financial information about government in a detailed form indicating all transactions and other economic activities involving the revenue generated, income spend and the deposition of public assets and liabilities. Public sector in all ramification is required to be accountable in all financial activities for which they are involved. Accounting according to Wood (2002) in Akpojevwa (2012) is the process of identifying, analyzing, measuring and communicating economic information to permit informed judgments and decision by users of the information. To be accountable is the ability to do things

correctly in accordance with the agreed rules and standard and reporting correctly on the result of performance. Omodero and Okafor (2016) argues that accountability is a fundamental value for any political system to succeed. This entails that accountability is all about being answerable to those who have their trust, faith and resources in you. Thus, the general public have the right to know every actions which have been taken in their name as well as corrective measures used when illegal or unjust manner act by the government. This provides the government the opportunity to know how best to embark on programme to achieve what is expected from them for sustainable development. This shows that sustainable development cannot be achieved without public sector system. Thus sustainable development is the practice of organizing the principle that meets up with the human developmental goals and at the same time able to sustain the available natural systems for the provision of natural resources and services that the society and economy depends on. It is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundland Commission Report 1987). The commission added that sustainable development contains two concepts: the concept of "needs" and the ability to organize the technical and social environment to meet up the present and future needs. Sustainable development in line with the idea of John (2015) is a system approach to growth and development and to manage natural, produced and social capital for the welfare of their own and future generations. For country to develop sustainably, it needs qualified, experienced and honest personnels that can help to eliminate corruption and promote transparency in both private and government establishments.

From the views of different authors one can deduce that accrual accounting is important in public sector if sustainable development is to be achieved. It is on this ground that Bastani, Abolhalaji, Ranzanian, Jafari and Kordi (2012) maintained that accrual accounting helps the government to have better picture of their performance since the revenue earned and expenditure incurred are clearly stated during the period. In addition accrual accounting enhanced planning and decision making. Ouda (2004) observed that accrual accounting leads to more detailed information to government legislators and other interested parties which helps to evaluate its performance.

Available researches revealed that public sectors are not performing well in their financial practices. This may be linked to inefficiency in public sector accountability. This is evidenced on the level of lost of billions of Naira in the public sector every year through fraudulent means (Bello 2001). Also, Appah and Appiah (2010) opined that there is high level of fraudulent practices in Nigerian public sector. It is on this vein that Ezeani, Ogbonna, Ezemoyih, Okonye (2012) maintained that there are inconsistencies in the accounting records and most of the financial records hardly balance during audit routine work. Based on the aforementioned it cause for effectiveness accrual accounting in public sector for sustainable development to be attained. It is however based on this premise that this study has set to investigate the record of revenue earned, expenses incurred and the matching of revenue with expenses in public sector accountability. Hence, the aim of this study is to investigate the effectiveness of accrual accounting in public sector sustainable development. The specific objectives are therefore

- To ascertain the effectiveness of accrual in terms of revenue received in public sector for sustainable development.
- To ascertain the effectiveness of accrual in terms of expenditure incurred in public sector for sustainable development
- To find out the effectiveness of accrual as it relates to preparation and presentation of financial statement in public sector for sustainable development.

Research Questions

The following research questions guided the study

1. What are the effectiveness of accrual in terms of revenue received in public sector for sustainable development?
2. What are the effectiveness of accrual in terms of expenditure incurred in public sector for sustainable development?
3. What are the effectiveness of accrual as it relates to preparation and presentation of financial statement in public sector for sustainable development?

Hypothesis

There is no significance different in the mean opinion of auditors and accountants on the effectiveness of accrual accounting in public sector accountability for sustainable development.

REVIEW OF RELATED LITERATURE

Revenue and Expenditure in Public Sector

Public sector need to be finance so as to enable its projects and programmes to be executed. Ovaga (2013) emphasized that the ability of government establishment to accomplish such expected task will depend on the availability of fund. Adedeji (1969) in Ezeani (2006) noted that effective performance of government system depends on the financial resources available and the way these resources are utilized. Anyafo (1996), Anyanwu (1997) and Adams (2006) stated that the Nigerian government has different sources of raising revenue for carrying out its various state functions. The sources according to them can be classified into indirect taxes, direct taxes, licenses and internal revenue, mining royalties, fees, earnings and sales, rent on government property, interest and repayment (general), interest and repayment (state), reimbursement, armed forces revenue and miscellaneous. However, public sector can source other means of generating more revenue to meet up with their financial challenges. The 1999 constitution section 149 as amended stipulated that all revenues collected by the government of the federation shall be paid into the federation account except income realised from personal income taxes of the armed forces of the federation, the Nigerian police force, external affairs personnel and residents of the federal capital territory.

Government expenditure involves all the expenses incurred for the maintenance of the public sector. Public sector expenditure in Nigeria is broadly divided into capital and recurrent expenditure. Anyafo (1996) stated that capital expenditure are those government expenditure that are of capital intensive in nature and has a life span of more than one accounting year for the purpose of acquiring or improving on a fixed assets. Such expenditures include among others construction of office building, purchase of motor vehicles, buses and motor cycles, purchase of office equipment, procurement of utility vehicles and IT equipment. On the other hand, a recurrent expenditure is expenditure that are more frequently or regularly made and its life span is less than one year. Example of such expenditures according to Ebonyi State Government (2014) includes basic salaries/allowance, welfare packages, office stationeries/computer consumables, materials and supplies, maintenance services, training and staff development, security services, consulting and professional services, fuel and lubricants and financial charges. The preparation and presentation of revenue earned and expenditure incurred

in public sector must be in accordance with the accounting regulations and must meet the test of time if sustainable developments are to be achieved.

Public Sector and International Public Sector Accounting Standard

Public sector are those organizations which are not privately owned and operated but which are established, run and financial by the government or its agencies on behalf of the whole citizens (Adams, 2006). It is that segment of countries economic agents whose activities are managed on behalf of the public by the government appointed individuals (Acho, 2014). In other words public sector includes all corporations which are established, run and financed by government on behalf of the public. Its primary objective is to provide services to the citizens and not to maximize profit: The regulation of the accounting standard of public sector organizations is vested in the International Public Sector Accounting Standard Board (IPSASB) with the exception of government business enterprises (Heald, 2003)

IPSASB issued a set of accounting standard called international public sector accounting standard for use by public sector organizations around the world. The aim of the standard is to regulate government accounting in response to calls for greater government financial accountability, transparency and value relevance. In other words, IPSAS is charged with the responsibility of improving the quality of general purpose financial reporting of public sector organizations leading to better informed assessments of the resources allocation decisions made by governments, thereby increasing transparency, and accountability. To date the IPSASB has issued 42 accrued based International Public Sector Accounting Standards (IPSASs). 38 of the 42 IPSAS apply to financial reporting on an accrual basis of accounting. IFAC encouraged public sector organizations to adopt accrual basis of accounting for their general purpose financial statements so as to ensure uniformity and comparability of financial reporting across countries (Udeh and Sopekan, 2015).

The standard are expected to be value relevant to users of public sector financial statement such as public sector employees, international agencies, financial analyst, creditors among others. The essence of preparing financial statements in line with IPSAS is that public organizations must present their financial statements in such manner that users of those financial statements could make relevant and timely value –

relevant decisions. The extent to which public officers who manage the activities and transactions of public organizations prepare their financial statements in line with the requirements (Careful recording, accountability, transparency, adequate income and expenditure management) determines to a great extent the quality of financial reporting that exist in the Nigerian public sector. Thus for government entity to be in compliance with IPSAS its general purpose financial statements must not mix bases of accounting and they must consolidate all the entities controlled by the entity.

Public Sector Accounting and Sustainable Development

International union for Conservation of Nature and Natural Resources (IUNM), World Conservation Strategy (WCS) describe sustainable as the development that takes account of social and ecological factors as well as economic ones of the living and non-living resources base and of the long term as well as short term advantages and disadvantages of alternative actions. Thus sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundland Commission Report, 1987). Brundland set the goal of sustainable development to create a fully sustainable way of life, and thus to improve the quality of life of people around the world without the plundered exploitation of natural resources in the world, requires different activities in different regions of the world. Public sector accounting refers to the set of rules, procedures, and tools developed to support the financial management in the public sector organizations. Generally, public enterprises follow accounting rules and procedures provided by the IPSAS in order to create, enhance, inform on their strategies, objectives and activities for sustainable development.

Public sector accounting could be a very important factor to promote sustainable development as it could foster economic growth and development, efficient resource allocation, the protection of the environment and social responsibility. The financial system is an element of the economic system which consists of two principal components: the public finance sector and market-based finance systems. Actions undertaken as part of the sustainability finance concept could contribute to changing the orientation of finance measures and strengthening efforts to generate a long-term positive impact on socio-economic development. A particular role and importance in this respect is accorded to public authorities, which use public finance to achieve sustainable development.

The public recognition of sustainable development is changing business culture and society. Two critical global changes include dealing with national accounting system that do not comprehensively reflect this progress and ensuring that organizations embrace their performance on economical, environmental and social goals. From the public sector perspective, achieving sustainable development for government, investors and general public means that organizations in addition to the accounting personnels must do more than only complying with external laws and regulations. Taking a sustainable path requires organizations to give back those economic, environmental and social factors that their business models depend upon. Accountants in public sector have a leadership role to play in embedding sustainability factors into organization strategy and the decision making process to achieve sustainable value creation and being more transparent and informative on how value is created to stakeholders. Public sector accounting for sustainability is fundamentally about improving business decisions making in relation to new innovation, operational efficiency and lowering costs by way of lean operations as well as inspiring people including employees, customers and suppliers. Several surveys including accounting practices are increasingly providing sustainably services to their clients. These services include advisory, accounting and assurance. In response to this need, the accounting profession is seriously creating awareness of the importance of accounting to sustainability, helping to prepare accountants and the organizations they serve and supporting development in thinking as well as practical tools and guidance. To guarantee sustainable development in a country, there is need to employ and utilize the activities of qualified, experience and honest accounting personnels that can help to eliminate corruption and promote transparency in both private and government establishment.

There is also need for effective public management of financial resources and accountability. Effective management of financial resources is central to sustain economic growth and development. Thus sustainable development cannot be achieved without public sector system.

Contribution of Accrual Accounting to Public Sector Performances

Accrual basis of accounting is one out of the three bases cash basis, accrual basis and commitment basis) under which the financial statement of an enterprise could be prepared. It is an accounting methodology under which transactions are recognized as the underlying economic events occur regardless of the timing of related cash receipts and

payments. Following this methodology revenue are recognized when income is earned and expenses are recognized when liabilities are incurred or resources consumed. The basis of accounting to which an organization used determines the extent of information that an accounting system can collect and therefore report. Accrual accounting which is one of the accounting methods use to determine when and how to report income and expense in the books of account has significantly played a major role in enhancing accountability in public sector. It provides better information for decision making and accountability purposes than earlier financial information available to managers, government and the users of accounting information. Accountants in various agencies are able to contribute to a more informed understanding of the transactions. Accounting advice can inform decisions as it relates to recognition of revenue and expense, asset and liability management including the impact of transactions where cash has not yet been received/paid. The financial statements help government to focus on management by results as well as management of resources which became more useful because organizational performance can be measured more reliably where full costs for a period are taken into account.

Accrual accounting has issued a Better Practice Guide (BPG) on the preparation and presentation of financial statements by public sector organizations. This is to assist agencies and audit committees to enhance their preparation and accountability process for agency financial statements. This gave way to government discipline to be applied to the end of accounting period by many agencies. Thus government agency is able to benefit from other experiences in streamlining their own approaches and practices.

Accrual accounting have increased capacity to provide correct and complete information on resources, debt and revenue in order to improve communication with such communities, leaders and general public (Tat-kei Ho and Ya Ni (2005). This in turn aids decision making by government representatives and thus have contributed to more informed policy choices, strong performance and a more comprehensive basis for accountability. Accrual accounting provides relevant, reliable and comparable information useful to a wide range of users in making economic decisions. Financial reports from the organization have to rely on the budget and to show any difference between the actual results and the budget as well as any changes during the period.

Accrual accounting shows the organizations cash flows. The movement to an accrual basis of accounting does not mean the abandonment of cash accounting. A modern accrual – based systems have functionalities to support cash-based accounting and reporting. Accrual accounting provides comprehensive information on current and certain projected cash flows including those associated with accounts and receivables, leading to better cash management and assessing the preparation of more accurate cash budgets.

In summary, the introduction and adoption of accrual accounting in public sector have improved the efficiency, effectiveness and accountability of public sector. Thus, effective implementation of accrual accounting in public sector is starting point for effective financial performances in Nigerian public sectors.

Empirical Review

Much empirical review on the accrual accounting in public sector have been frequently and extensively reviewed by various scholars and academics (Mark 2002, Davis, 2010, Okaro, 2012, Bastani, Abolhaji, Ramzanian, Jafari and Kordi 2012, Omodero and Okafor, 2016, Okere, Eluyela, Bassey and Ajetunmobi 2017).

Mark (2002) carried out a study on the accrual accounting in the public sector accounting using the New South Wales government. His findings indicate that revised contingency model is useful as a framework and that the major role played by management consultants was a significant aspect of the case study. Similarly Davis (2010) also pointed out that accrual accounting can be seen as a device used by different levels of government in the Australian public sector in an attempt to combat the tendencies for economic, rationality and legitimacy difficulties that may be connected with the work. Their theoretical analysis provides more insight into accrual accounting in public sector.

Okaro (2012) in his study introduced the perception of auditors, preparers of financial statements and accounting academics to the plan by the Nigerian government to the introduction of accrual system of accounting in its public sector. He identified that auditors, accountants and accounting academics welcome the proposed introduction but caution that certain factors such as corruption, untimely preparation of

financial statements, absence of highly qualified and competent manpower could prevent the full gains of accrual accounting be realized.

Bastani, Abolhalaji, Jelodar and Ramezani (2012) while analyzing the role of accrual accounting in report transparency and accountability promotion in Iranian public health sector argues that his findings indicated that accrual accounting is effective in report transparency, accountability promotion. From empirical studies, he noted that accrual accounting implementation would be a good solution for enhancing social accountability of public managers, increasing financial reporting, transparency, service cost accounting among others. This however concurred with other scholars such as Riahi, 2008, Bastani, Abolhalaj, Ramzani, Jafari and Kordi, 2012, Izeclonni and Ibadin, 2013) that accrual accounting allows the government to have better picture of their performance. Again, sound public sector accounting rests in an articulated framework which has been defined to reflect best practice around the world.

On the efficiency and accountability of public sector revenue and expenditure in Nigeria between 1970 – 2014, Omodero and Okafor (2016) critically discussed how this can affect performance. They argued that Nigeria is the sixth largest producer of oil and gas in the world but the average Nigerian on the street is poor and there is poor infrastructure like power supply, roads, hospital etc. Thus, their findings reveal that the level of accountability is very poor in Nigeria. This is attributable to the fact that the attributes of accessibility, comprehensiveness, relevance, quality and timely disclosure of financial information about government activities are completely not available or partially available for the citizen to assess the performance of public officers.

Further, Okere, Eluyela, Basse and Ajetunmobi (2017) in their study noted that implementation of International Public Sector Accounting Standards (IPSAS) must facilitate efficient internal control and result based financial management in public sector. The above review of the literature suggests that there are widespread recognition that effective use of accrual basis and accrual information in public sector accountability will enhance effective performance of public sector in Nigeria. The gap of this study is anchored on the widely published merits of accrual accounting towards sustainable development as most of the study

conducted in Nigeria are skilled toward controls and reckless expenditure, sustainable development is a new phenomenon.

Research Methodology

This was a field study with a statistical population made up of 69 auditors, 92 accountants and 31 financial managers of Ebonyi State Ministry of Finance that comprised 192 staff both in the field and within the ministerial premises. The auditors includes the internal and external auditors. The population was chosen because of their vast knowledge and informed opinion in matters of account.

Data collecting tool in this study was questionnaire consisting of 30 closed questions with a five point likert scale of Strongly Agree (SA =5), Agree (A = 4), Undecided (U = 3), Disagree (SD = 2) and Strongly Disagree (D = 1) (likert 1932). For the purpose of this study likert rating model is modified by placing undecided last with the rating of 1. The reason being that there is no rationale for rating a respondent 3 who have no opinion on the items on the questionnaire and thus it is more convenient to rate such respondent as (1).

In order to assess the content validity of the questionnaire in pre-tested step, the questionnaire was given to specialist in the field of study. The specialist were to ascertain the appropriateness and stability of the items as related to the study. They were also given free hand to either include or remove any item deemed appropriate and inappropriate respectively. The specialist fully confirmed the content of the questionnaire and approved for use in data collection.

There was no sampling since the population was handy as such the entire population was used for the study. However, out of the 192 questionnaire administered, 180 copies were returned and used for analysis. This represents an overall response rate of 94% for the two groups.

Statistical Techniques

The returned copies of the questionnaire were cross checked for completeness of responses. None of the copies of the instrument had incomplete response and as such none was discard. The data obtained were fitted to equation by Ordinary Least-Square (OLS) regression method involving multiple regression. Multiple regression was used for the regression analysis and inferences were drawn based on the regression

results. T-ratio was also used to test the statistical significance of the regression coefficients. Moreover, the evaluations were done using a two tailed test and a 5% level of significance. The coefficients of r^2 is used to measure the goodness of the fit. F-ratio is also used to test for the statistical significance of the entire regression plane. Accordingly, if f -calculated is greater than the f -critical, we reject the null hypothesis and accept the alternative hypothesis.

Model Development

Ologunde, Elumilade and Asaolu (2006) recommends that the first and most important step taken in the study of any relationship between variables is to express this relationship in mathematical form. Given our independent variables as Expenditure Management (EM), Compliance with Standards (CS), Transparency (T) and Careful Recording (CR). While the dependent variable is the Income Management (IM). The function can be presented as thus;

$$IE = b_0 + b_1 Em + b_2 CS + b_3 T + b_4 CR = e_i \quad (1)$$

Where y = the Independent Variable (IM)

b_0 = intercept between the dependent and independent variables

EM = Expenditure Management

CS = Compliance with Standards

T = Transparency

CR = Careful recording

e_i = Error term

Data Analysis and Results

Table 1: Descriptive Statistics

S/N	Items	Mean	Median	Standard Deviation	Minimum	Maximum
1.	Income management	47.5	54.0	16.5	17.0	65.0
2.	Expenditure management	50.1	49.5	17.4	27.0	78.0
3.	Compliance with standards	39.3	36.5	18.0	12.0	62.0
4.	Transparency	37.8	42.0	16.3	15.0	68.0
5.	Careful recording	4.5	3.0	3.6	1.0	12.0
	Average mean	35.8	37	14.4	14.4	57

Table 1 provide descriptive statistic of the variable outlined above. The goal of the study is to investigate the effectiveness of accrual accounting practice in enhancing public sector accountability in Nigeria. From the descriptive statistics above, income management which has a mean value of 47.5 is higher than the mean average of 35.8 indicating that the

sampled ministries make proper use of the income received while has the implication for effective accountability. The same explanation goes to expenditure management, to compliance with standards. This result is not surprising judging from the mean value of expenditure management which is relatively higher than the income received mean value. However, the abysmal low mean value of the ability of the ministry to ensure careful recording is reflected in the transparency index of 37.8. This is a basic indication that poor record keeping would have a dire consequence on transparency objective of the ministry. This result may also call into question the role of institutional reform agenda champion by the public sector organization over the years. It therefore stands that for public sector accountability to be effective proper recording must be conspicuously imbibed by the operators (financial statement preparers and evaluators overall).

The result in the descriptive statistic also indicate that expenditure management occurs the first position in the accrual accountability index with a maximum value of 78.0 followed by transparency (68.0) and compliance index slightly above the maximum of 57.0. The ability to ensure careful recording was at the low elbe with a value of 12.0 far below the average maximum of 57. This result led strong support to the early mean value justification of 4.5 which indicate that careful recording has not been effective in public sector organization.

Table 2: Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.992 ^a	.985	.972	2.74403

a. Predictors: (constant), careful recordings, compliance with standards, transparency, expenditure management

The above table presents the model summary of the variables. Based on the table the correlation coefficient R is 0.9 which indicates that accrual accounting and transparency reporting are directly related. This shows that proper implementation of accrual accounting reportage would positively affect transparency objective of public sector reporting agenda. Our result also shows that the coefficient determination R^2 is 98.5 indicating that accrual accounting variables used contributed to 98.5% in the changes that occurs in the sustainable development while 100 – 98.5 (1.5) are accounted for by other factors other than the variables used.

This means that income management, careful recording, compliance with standards and expenditure management would enhance transparency in accountability in public sector organization.

Table 3: Test of ANOVA

S/N	Model	Sum of Squares	df	Mean Square	f	Sig.
1.	Regression	2402.851	4	600.713	79.779	.000 ^b
2.	Residual	37.649	5	7.530		
	Total	2440.500	9			

a. Dependent variable: Income management

b. Predictors: (constant), Careful recordings, Compliance with standards, Transparency, Expenditure management

From the ANOVA table above, the value of f-calculated (f-cal) is 79.779, while the value of the f-critical (f-crit) is 23.876 and degree of freedom (df) of 4 and 5. Since f-calculated is greater than the f-critical, we reject the null hypothesis and the existence of significance is confirmed. The reject of the null hypothesis means that the alternative hypothesis will be accepted. This implies that income management does have significant effects on the performance of public sector in Nigeria. The sum of square in the table is 7.530 or 75%. This shows that the independent variables (Expenditure management, Compliance with standards, Transparency and Careful recordings) taken together account for about 75% of the dependent variable (public sector financial performance) while the remaining 25% is accounted for by other variables. This result indicates that apart from the variables tested other variables also influence the performances. Those other factors are discussed in the next section. The result therefore is consistent with the findings of Okora (2012) and Shoorvarzy, Shiri and Icholousi (2012) that in their study identified various factors that may affect the effectiveness of accrual accounting in public sector accountability.

Table 4: Coefficient of Variations

S/N	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1.	(Constant)	182.296	18.529		9.838	.000
	Expenditure management	-1.073	.197	-1.131	-5.443	.003
	Compliance with standards	-.967	.092	-1.059	-10.502	.000
	Transparency	-1.018	.143	-1.011	-7.130	.001
	Careful recordings	-1.013	.418	-.219	-2.424	.060

a. Dependent variable: Income management

From Table 4, the t-distribution for the various independent variables against the dependent are -5.448, -10.502, -7.130 and -2.424 for the expenditure management, compliance with standards, transparency and careful recording respectively at 0.003, 0.000, 0.001 and 0.060 level of significance respectively. The observed or the critical difference will be significant depending on whether or not the t-value lies -1.645 to +1.645. Expenditure management has t-value of -5.443, Compliance with standards -10.502, Transparency -7.130, Careful recordings -2.424 at 0.003, 0.000, 0.001 and 0.060 level of significance respectively. The implications of this result are that the independent variables as outlined greatly affects accountability in Nigerian public sector.

Moreover, the correlation coefficient (Beta) shows that expenditure management, Compliance with standards, Transparency and Careful recording each has a negative correlation (-1.131, -1.059, -1.011 and -0.219) with the dependent variable (income management). The negative relationship between the dependent and the independent variables implies that a decrease in expenditure management lead to a decrease in public sector accountability. Also non compliance with standards will lead to poor public sector accountability and fraudulent financial practices.

DISCUSSION OF FINDINGS

From the statistical test of hypothesis carried out in this work which seeks the opinion of financial statement preparers and evaluators on the accrual accounting in public sector accountability. It was found that there is a negative relationship between the dependent and the independent variables. This means that as the rate of expenditure management, careful recording, proper compliance with standards increases, fraudulent financial practices in Nigeria public sector will decrease. The decrease in financial mismanagement shows that there will be improvement in

accountability, increase in effectiveness which will enhance programme efficiency in Nigerian public sector. Supporting Riahi (2008) who argued that proper implementation of accrual accounting reportage would positively affect transparency objective of public sector reporting agenda.

It was also found that the mean square (R^2) is 7.530 or 75% and which proves that the independent variables constitute about 75% of the component of the dependent variables. This means that 75% of variation in public sector accountability is explained by the quality of expenditure management, careful recording, compliance with standards and transparency while only 25% is explained by other variables such as corruption, untimely preparation of financial statements, lack of adequate accrual information and absence of high qualified and competent financial operators (see ANOVA Table 3). This is in line with other scholars findings who argue that the abysmal low performance of the sector are attributed to managerial instability, competition (Oduola, 2006 Nmadu, 2008). This result has therefore further strengthened the stakeholders theory and also lay credence and alignment to Azih (2009) who investigated the theoretical and empirical challenges in public sector accountability using Ebonyi State in Nigeria and identified unqualified accounting staff, ethnicity and tribalism, corruption and religious dichotomy among others as factors affecting the effective performance of public sector. This is in line with our findings which revealed that though, there is a relationship but that these relationships are not automate as other factors affect the effective performance as well. Those other factors have been controlled in course of this research. The test also shows that the t-calculated is greater than the t-critical at the degree of freedom and level of significance. This test therefore is an indication that we should reject the null hypothesis and accept the alternative. Impliedly the statement that income management has no relationship with expenditure management, compliance with standards, transparency and careful recording is false. In other words, the findings indicate that there is a relationship between the income management and the public sector financial performance. Therefore the postulation that decrease in expenditure management, compliance with standards, careful recording lead to poor public sector accountability. This result is in agreement with the findings of Nworie (2004) who carried out a similar study and concluded that poor recording have a dire consequences on transparency objective of public sector.

CONCLUSION AND RECOMMENDATION

The study has analysed the effectiveness of accrual accounting in public sector accountability using Ebonyi State Ministry of Finance as a case study. Results of the findings indicate that proper implementation of accrual accounting reportage would positively affect transparency objective of public sector reporting agenda. Problem identified from empirical literature include corruption, untimely preparation of financial statement which gave rise to poor public sector accountability. Others are inadequate accrual information, absence of high qualified and competent financial operators etc. This is consistent with the findings of the study that the variables under study affect effectiveness of accrual accounting in public sector accountability. In conclusive, therefore, the data analysis shows clearly that the level of income management, expenditure management, compliance with standards, transparency and careful recording directly affect the effectiveness of accrual accounting in public sector accountability.

In view of the above findings, the study therefore recommends as follows: that auditors should be adequately be trained on technical sides of accrual accounting until they are competent enough to audit accounts prepared and presented using accrual basis of accounting. Accounting profession should map out better strategies for transferring accounting policies into actions for effective compliance and to bring to book any financial personnel found in financial malpractice to serve as deterrent to others. Government should create conducive environment for the development of professional accountants with adequate knowledge of accrual accounting and employ them to work in the public sector for proper accountability. This will be achieved by retraining the existing staff through in-service training, seminars, workshops and other motivational work benefits.

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